CBS RADIO NETWORK
BACKGROUND

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MURROW: This is Ed Murrow. The name of the program is "BACKGROUND."

The Kennedy Administration is going to face plenty of new frontiers. Some are well up on the horizon and the Eisenhower scouts have already reported the lay of the land.

The Democratic expedition isn't short of water, fuel or ammunition. Food supplies are all right and the jets are flying well. But there is a shortage of dollars. The reason for this is not hard to find. We have been spending, lending and giving away more than we have been taking in. The drain has been caused by our foreign economic and military aid program, the maintenance of military establishments around the world, help to undernourished nations, the competition of foreign-made goods, the money spent abroad by American tourists. In short, our dollar troubles stem from a policy of unprecedented generosity to former friend and foe alike. History does not record anything like it. Some of our aid has been wasted. Some of it has probably been tied too tightly to military agreements of doubtful value. We in this country have argued whether this vast outpouring of our treasure has been an act of generous humanitarian assistance, or whether it was an action determined by national self-interest.

Whatever the reasons, we have been paymaster to much of the world, have financed the recovery of recent enemies, provided them with protection from Communist aggression and aided the recovery of allies who now compete with us. No nation has ever done these things before.

Some of us are surprised that the recipients have not displayed a greater sense of gratitude, but nations do not base policy upon past favors, and it has become clear that we cannot go on as we have in the past. We need help. That is why Secretary of the Treasury Anderson flew to Germany last week. His mission was ill-prepared. He announced his terms in advance, failed to coordinate his proposals with the State and Defense Departments, and he failed utterly. He was trying to get the Germans to contribute about 600 million dollars toward the cost of keeping American troops in Germany. The Germans said "no thanks." It sounded too much like paying the old costs of occupation. The Germans have an election coming up next year. Their rate of taxation is comparable with ours. An American private in Germany makes about the same money as a skilled German worker. An American sergeant is paid roughly what a major in the new German Army gets. Germany is prosperous, wants to remain that way, has no course record for generosity or for sharing the troubles of other nations. They are hard bargainers as well as hard workers. Later on, they may be willing to carry more of their share of the costs of NATO, but the Anderson mission failed as most qualified observers predicted it would.

Last week in Paris, Vice President-elect Johnson made a speech to the NATO parliamentary group. On the surface, it was a call for expanding the role of NATO. But the speech must be read in the context of the dollar crisis. What Senator Johnson was saying, and not too subtly to be understood, was "Now it's your turn. In your hour of need we helped you. Now, how about helping us?" Thus, Johnson acted as advance man for the new Administration, although he emphasized that only Kennedy can speak for the United States. Johnson was speaking to the

representatives of all the parliaments of Western Europe. It was an appropriate audience, for if the NATO countries are going to relieve us of some of our financial burden, the parliaments of those countries will have to approve, and for them it could mean higher taxes and some reductions in their present level of prosperity. We have carried most of the burden. Our allies have come to regard us as wealthy and generous without limit and it will not be easy for them to change. Johnson said, "The free world parliamentarian is challenged today to manifest a new high degree of political courage." He did not refer specifically to foreign aid, but he called for an alliance aimed not simply at deterring aggression, but at combating ignorance, injustice and human want, and this, he said, is the work of all nations now working together to maintain freedom in the world.

Johnson said that in America the voice of isolation has been stilled. His speech was a challenge to the NATO parliamentarians to demonstrate that in their countries, too, the spirit of isolation was dead and that there was a willingness to make certain sacrifices in the common cause. We in this country engaged in prolonged national debate before embarking upon our massive program of military and economic aid to foreign countries. Some of our allies have concluded that it is better to receive than to give. If they are to be persuaded to carry their part of the load, there will have to be some careful and prolonged negotiations. It appears that the way we went about it in Germany is not quite the best way of getting the job done.

It is the estimate of the State Department that throughout the world Russia and Red China have 300,000 trained espionage agents. Nowhere are Soviet agents more numerous than in West Germany.

Why are so many of them there? What effect do they have on the Bonn government? On democracy? Here is the background as reported from Germany by my colleague, Daniel Schorr.

SCHORR: A month ago, a Social Democratic member of Parliament named Alfred Frenzel was confronted in the Parliament Building by the Attorney General and arrested for treason. He is charged with spying for Czech Communist intelligence for years. He is said to have confessed that he methodically turned over to Communist couriers the secrets available to him as a member of the Parliament Defense Committee. The Defense Minister, Franz-Josef Strauss, who has long had the nagging feeling that they knew too much behind the Iron Curtain about Germany's military plans, says that he had given this committee West Germany's defense program until the end of 1961.

In the modernistic white building of the Bundestag on the bank of the Rhine, there is now a great deal of soul-searching and belated stable door banging in progress. The watch on the Rhine is being spruced up. From now on, secret documents for parliamentary committees will be numbered and taken back at the end of every session. There is some inconclusive talk of security checks for members of Parliament, which no one really likes, which the government so far refuses to undertake on the high-sounding grounds that the Executive can't investigate the Legislature.

As everyone knows, none of this approaches the heart of West Germany's subversion problem. The case of Alfred Frenzel has posed that problem in a particularly challenging way, but the problem itself is not new. Everyone knows that West Germany is the leakiest sieve in the Western camp, and every counter-intelligence office knows

that the Federal Republic is the target of the most massive intelligence effort ever directed against a single country. The federal court in Karlsruhe grinds two and three-year sentences for espionage like a traffice court levying fines for illegal parking. Eighteen-hundred spies have been convicted in the past 8 years. There are, by official estimate, at this moment 16,500 Communist spies operating in this truncated front-line country.

The problem of spying in West Berlin has to do with many things. It has to do with Germany's weird position of being politically divided but not really divided so that people can move back and forth from East Germany with ease. It has to do with the upheaval of war's aftermath, which brought into West Germany 12 million German-speaking refugees and repatriates and expellees from regions now under Communist rule, a fifth of the Federal Republic's population. It has to do with the confusion of loyalties and the blurring of purposes that followed defeat and partition, and it has to do with West Germany's bursting prosperity which makes labor scarce and employers, including the government, less vigilant about their personnel. It has to do also, perhaps paradoxically, with the government's desire to live down a totalitarian past. There's a general revulsion against snooping and interrogation and quizzing of people's neighbors, and all the sort of practice that goes with security but which in Germany brings back memories of the Gestapo. It is significant that West Germany's counter-intelligence organization calls itself the Federal Office for Protection of the Constitution, and it is leaning backwards to be respectful of civil rights.

West Germany lives with this problem. The government is worried about it, but has not found the answer. If the case of

Albert Frenzel has raised more than the usual amount of doubt, it is because it has brought from below the surface more fundamental problems of peculiar sensitivity in a pre-election year.

Frenzel was a Social Democrat and a prominent one. Adenauer has long maintained, and probably believes, that Social Democrats are less reliable anti-Communists than his own Christian Democrats. The danger is that the election campaign next year will be envenomed by the suggestion that the opposition party is tainted with treason. Should this become an issue next year, the possibilities are explosive. West Germany's hothouse democracy, only 15 years old and with no tradition to fall back on, is less well equipped than America's to withstand that kind of campaign. The prestige of the Bundestag has been damaged, and in this fledgling democracy, where today's precedents may become tomorrow's traditions, another precedent has been established for a strong executive and a weak parliament.

Now back to Ed Murrow in New York.

MURROW: Two days after he was elected, Senator Kennedy announced that Allen Dulles would remain director of the Central Intelligence Agency. The business of the Central Intelligence Agency is espionage. No profession can be at the same time so patriotic and disreputable and, in the world in which we live, so necessary for survival. There is an old saying, "The spy is the king's eye, and he who hath him not is blind." How intelligent is our intelligence? George Herman has done some research on what President Eisenhower once called "this distasteful but vital necessity." We switch to Washington.

HERMAN: In the modern world of highly technical weapons,

and equally technical detection systems, of widely circulated newspapers and magazines and technical journals and broadcasts, the question arises, "Who is a spy?" Here in Washington, the unofficial experts ... and you can't talk on the record to any other kind of expert on this subject... the unofficial experts guess that the United States has about 100,000 persons engaged in intelligence work, and the annual cost is probably between two and three billion dollars. But few people know for sure. The Central Intelligence Agency created in 1947 used to be so secret that no one was supposed to know that it occupied an ancient brick building which formerly served time as a brewery, then as a soft drink plant. That phase is now over. C.I.A. now occupies a 40-million dollar modern building in Virginia with landscaped approaches and highway cut-off signs pointing "This Way to C.I.A." You can get some facts and figures on the building from the President's budget report, which is the best reference work on American government today, but as far as the budget report goes, the building is all there is. There's nothing and nobody inside it who draws any funds or uses any money. Even Congress doesn't know how much money it appropriates for C.I.A. Every few years when a U-2 goes down, or some accident calls attention to the C.I.A., there's an outcry in Congress for a blue ribbon watchdog committee to check C.I.A. funds, but the outcry always dies down and only a few carefully selected members of each house have any idea of what C.I.A. costs, although the unofficial estimate once again is about 500 million of the total 2 to 3 billion a year spent on C.I.A.

The outcry dies down partly because of the personality of Allen Dulles, brother of the late John Foster Dulles, and an expert in intelligence since World War I. His intelligence work in

Switzerland won Dulles a clutch of medals in World War II, and he became Deputy Director of C.I.A. in 1951 and Director in 1953. But what kind of men does a master spy hire in the year 1960? Well, in the first place, it must be remembered that C.I.A. is not our only intelligence outfit. It is the Central Intelligence Agency. Congress created it because hearings after World War II showed that the United States had had in its possession enough information to know that the Japanese were going to attack Pearl Harbor, but possessed it in scattered bits of information locked up in different agency files. C.I.A. has at least half a dozen known intelligence organizations to work with. The Army, Navy, and Air Force all have intelligence branches of their own. The State Department has its research office. The Pentagon has the National Security Agency and the National Indications Center.

The National Security Agency, unwillingly forced into the limelight by the defection to Russia of two young mathematicians, specializes in cracking the secret codes of other nations. The National Indications Center checks the published figures on Soviet steel and other metal production, the number of barrels of oil produced and stored, the radio traffic between various Soviet military bases, the travels of key Soviet and Communist figures, all kinds of available material and a far smaller amount of covertly obtained material. To the National Indications Center, for example, the dumping of vast amounts of stockpiled Russian aluminum on the world market was not primarily a subtle scheme to upset the free world economy. It was confirmation that Soviet missile strength was now up to a point where the Kremlin could cancel the scheduled heavy production of aluminum frame bombers.

A large proportion of the 100,000 in American

intelligence work spend all of their time reading foreign publications and feeding abstracts from them into our computers. The electronic brains can scan all of the stored information, seeking for the kinds of correlation it has been told to look for and finding them in a matter of seconds, rather than weeks and months. Is a man who operates this kind of computer a spy? Well, probably not by the dictionary, but he's just as surely engaged in intelligence work. How about the linguist who patiently questions every refugee, every defector from behind the Iron Curtain, carefully drawing out each line of questioning as far as possible without tiring or upsetting his subject? How about American tourists, businessmen, scientists and educators returning from the Soviet Union and talking, knowingly or not, to American agents? The probability is that 80 to 90 percent of all our intelligence comes from open sources, sources which do not require a secret agent, an old-fashioned-behind-the-lines spy.

That still leaves 10 to 20 percent to come from the men and women who risk their lives in other countries for the United States. Many of them have had to study the sciences. Many of them were scientists to begin with. Scientific information is perhaps the most important today after information about enemy intentions and plans at high levels. That kind, of course, is exceedingly rare anywhere, and whatever we may have on this level is certainly unknown and unmentionable. But it's most likely, for example, that our new estimate of how many missiles the Russians have built, as differentiated from how many they could have built, comes to us from secret agents, and the best of these are usually nationals of the country they are spying on - Russians who have deserted, double agents and so forth and so on. And on that score

you know about as much as the United States Congress.

Back now to Edward R. Murrow in New York.

MURROW: In his book, "The Strategy of Peace", President elect Kennedy says that the course taken by the revolution in Cuba "demonstrates that the shores of the American Hemisphere and the Caribbean Islands are not immune to the ideas and forces causing similar storms on other continents." Castro has been exporting his revolution. Haiti is the fifth Caribbean country where subversion has been charged in the past five weeks. The others: El Salvador, Costa Rica, Guatemala and Nicaragua. And this may be only the beginning.

For the past year Richard Kallsen has been the CBS News correspondent in Latin America. Here is his report.

KALLSEN: President-elect Kennedy has at least one advantage over President Eisenhower in dealing with the proud and touchy nations of Latin America. As a Democrat, Mr. Kennedy inherits the mantle of Franklin Delano Roosevelt and his Good Neighbor Policy, and Latin Americans would like to believe that there is more than symbolic significance in this. They remember Roosevelt as the man who restored their sense of dignity and equality as human beings, and they would like to believe that Kennedy can stop the erosion that has set in since the 1930s. The problems are manifold - psychological, political and economic - and unless Latin America is to be engulfed in revolutions set by Russia and Communist China, these problems must be given the same priority that are given to the more dramatic ones in Africa and Asia. It may be too late in Cuba, but there is still time to administer preventive medicine in the rest of Latin America.

The psychological problem is basic to all the others. Latin Americans, especially the students and intellectuals, seem obsessed with the idea that people in the United States consider them inferior. They complain that we don't learn their language, that we look down on them because many of them have colored skins, that we don't understand their history, their geography or their culture. The Latin Americans, again the young people, the leaders of tomorrow, feel keenly that the United States' private business is draining their countries of their natural resources and not paying enough for the privilege. It doesn't do any good to quote figures to try to prove the contrary. This is an emotional certainty. It is fed by the tendency of the students and intellectuals to look to the Left for political guidance and leadership, by the tendency to believe that government control and ownership is a magic key to industrialization and progress.

The youth and the swiftly awakening masses are demanding change, and too often the United States in the name of anti-communism seems to be standing in the way. Somehow, President-elect Kennedy, if he would be successful in Latin America, must recreate the image of a revolutionary, dynamic United States, one that is more interested in people than in business. He must continue the policy of vigilance against communism in this hemisphere, but he must find a way to do it without seeming reactionary. And he must do it in the realization that the poor and the uneducated, the majority in Latin America, don't really understand what communism is, and might be tempted to try it even if they did, because anything looks better to them than what they have. It is often said that communism feeds on empty stomachs, and this being true, Mr. Kennedy's most urgent problem would seem to be some kind of dramatic

aid or investment or loan program, one that might bring the hope that the Marshall Plan brought to Europe.

Latin America has had few of the dollars that have gone to store up the economic and military defenses of the free world, and this is a cause for much bitterness. President Eisenhower's recent 500-million-dollar aid program was welcomed, but its psychological impact was damaged by the belief that it came as a reaction to the inroads of communism in Cuba. The Latin Americans don't want to be saved. They want to be helped with loans and development programs, not with handouts. They need everything - roads, schools, houses, industry, a stable market for their exports to the United States. Many Latin Americans may be disenchanted with Castro's Cuba, but they will be watching to see how swiftly Russia and Communist China help industrialize its economy and what they exact as the price. At the very least, Mr. Kennedy must match that effort, and he must do it without reverting to the Big Brother image that many Latins have of the United States.

The warships patrolling the Caribbean may be there as a warning to Fidel Castro, but they are also an unfortunate reminder of the past, of the days when the United States Marines made the Caribbean their private landing dock. No aid or development program in Latin America will succeed if that image is revived. It will not be easy for the President-elect to be the kind of good neighbor the Latin Americans want, but there are not many areas where the stakes are quite so high, the necessity to win quite so vital. And now back to Ed Murrow in New York.

MURROW: No one who is wise expects to find a solution in warships. The cause is less Castro than poverty, more hunger than love

of Moscow. As President Kubitschek of Brazil said the other day, "Let us not deceive ourselves. Not only in Latin America, but in the entire world, we are living in situations that are radically new and that demand the establishment of a new system of relations between the highly industrialized and the underdeveloped peoples." Who, he might have added, are impatient.

This is Ed Murrow. We shall be back at this time next week.

ANNOUNCER: You have been listening to BACKGROUND with Edward R. Murrow, a recorded presentation of CBS News.